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DEPARTMENT OF STATE
THE SECRETARY

February 4, 1957

EXCISE

MEMORANDUM FOR MR. ROUNTREE

I attach herewith a memorandum which I dictated over the week end indicating my initial approach toward the reply to the four-power Arab memorandum presented by King Saud.

I suggest that you go over this and get it shaped up for delivery, after further consultation with me.

[Handwritten signature]

Attachment:
Memorandum

cc Mr. Herter

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REVIEWED BY <i>[Signature]</i>	DATE <i>3/3/83</i>
RDS ☐ or XDS ☐ EXT. DATE	
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RELEASE DATE <i>10/14/83</i>	
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SUGGESTED ORAL COMMENTS ON KING SAUD'S MEMORANDUM

INTRODUCTION

Summary of King Saud's Position:

The King's memorandum contains a statement of high principles which guide Saudi Arabia. It stresses the Saudi Arabian policy of consultation and cooperation with the United States. It states that the objectives of both countries are the maintenance of world peace and the establishment of peace and stability in the Middle East.

Suggested Oral Response:

At the risk of repetition [the Secretary might establish the general tone of the meeting by commenting upon the mutuality of Saudi-United States interests in international affairs. It would be of value to emphasize our appreciation of the important role of King Saud, not only as a leader in the Arab nations but in world affairs generally. Our desire to maintain and strengthen the ties of friendship between the United States and Saudi Arabia has been frequently emphasized. We value this exchange of views and, particularly, the opportunity afforded by the King's presence to go into various matters of mutual interest, many of which are touched upon in his memorandum.

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PART ONE

I. Saudi American Relations

OIL

Summary of King Saud's Position:

Oil is Saudi Arabia's main resource; it is in Saudi Arabia's interest to maintain this resource and to enable United States and rest of world to benefit from it. It is coveted by other nations, friendly and unfriendly. Saudi Arabia should thus be strengthened to safeguard the resource which is threatened by British aggression and the potential danger of Communist aggression. The fact that the oil was not exposed to danger by recent events demonstrates that Arab nationalism does discriminate between friends and foes.

Suggested Oral Response:

Mutually beneficial relations between Saudi Arabia and ARAMCO have been based upon the solid foundation of friendship between our two countries. Through this arrangement, not only have oil importing countries in Europe, Asia and Africa been provided with the fuel which they require, but also Saudi Arabia has benefitted from the effective and efficient production and marketing resources of the Western world. Our desire that this cooperative arrangement continue is but one of many factors in our policy of friendship toward Saudi Arabia and a manifestation of our wish to see that nation strong and independent.

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We know that King Saud in his wisdom has long recognized the danger of communist aggression and also the dangers of communist penetration by means short of overt aggression. At the first meeting, the President outlined our purpose in connection with the new Middle East program. We wish to help those nations who desire our assistance to protect themselves against the communist danger. Our policy in this regard will again be discussed in connection with other sections of the King's memorandum.

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III. Dhahran Airfield

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IV. Economic Assistance to Saudi Arabia

Summary of King Saud's Position:

Saudi Arabia's budget is insufficient to its development needs, but it is inadvisable to borrow funds. Point Four was welcomed, but produced no results and cost the Saudis more than the United States spent. He would welcome any assistance in construction of ports, railroads, roads, agricultural and mining projects, and broadcasting stations.

Suggested Oral Response:

We of course strongly desire to see a prosperous Saudi Arabia. In view of the shortage of skilled technicians in Saudi Arabia, we believe that renewal of a technical assistance program would be in Saudi Arabia's interest. We have previously, in discussions concerning the Dhahran airfield, indicated our willingness to extend certain economic aid such as for an airport terminal or some other project of particular interest. (At approximately \$5 million level). Most of the projects in which interest has been expressed by His Majesty, however, are revenue producing and might well be possible of financing through commercial institutions or the Export Import Bank, and we would encourage His Majesty to take advantage of the expressed interest of the IBRD in Saudi Arabia. These development problems might be discussed further with the mission to be headed by Ambassador Richards. In the meantime our staffs might usefully discuss further the matter of assistance previously offered.

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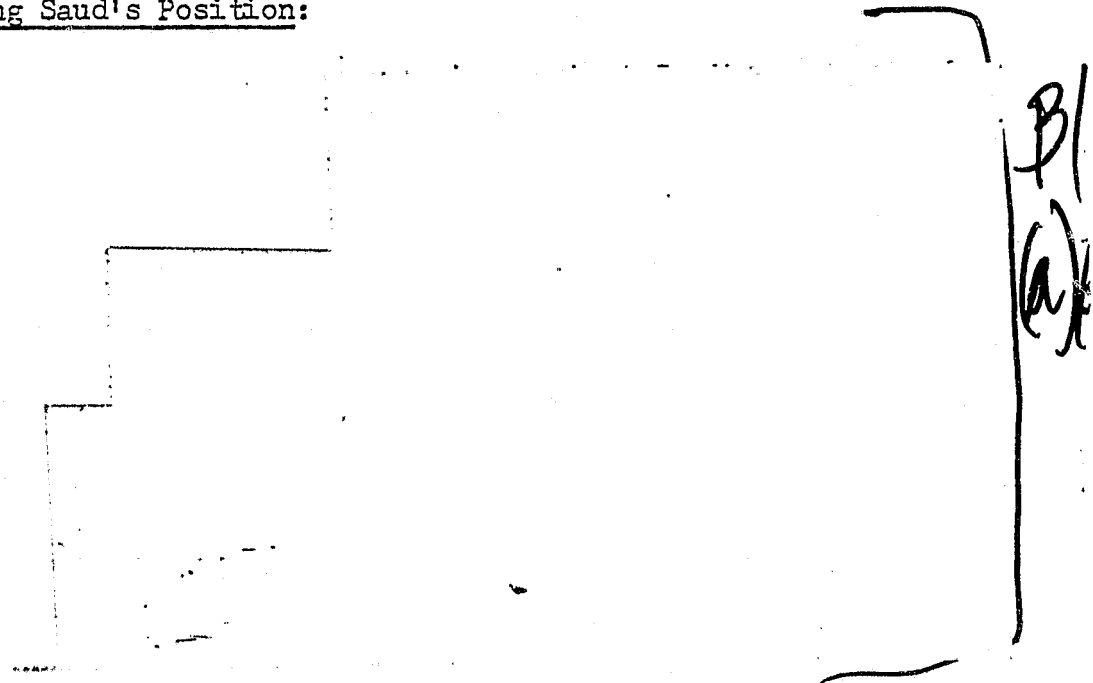
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PART TWO

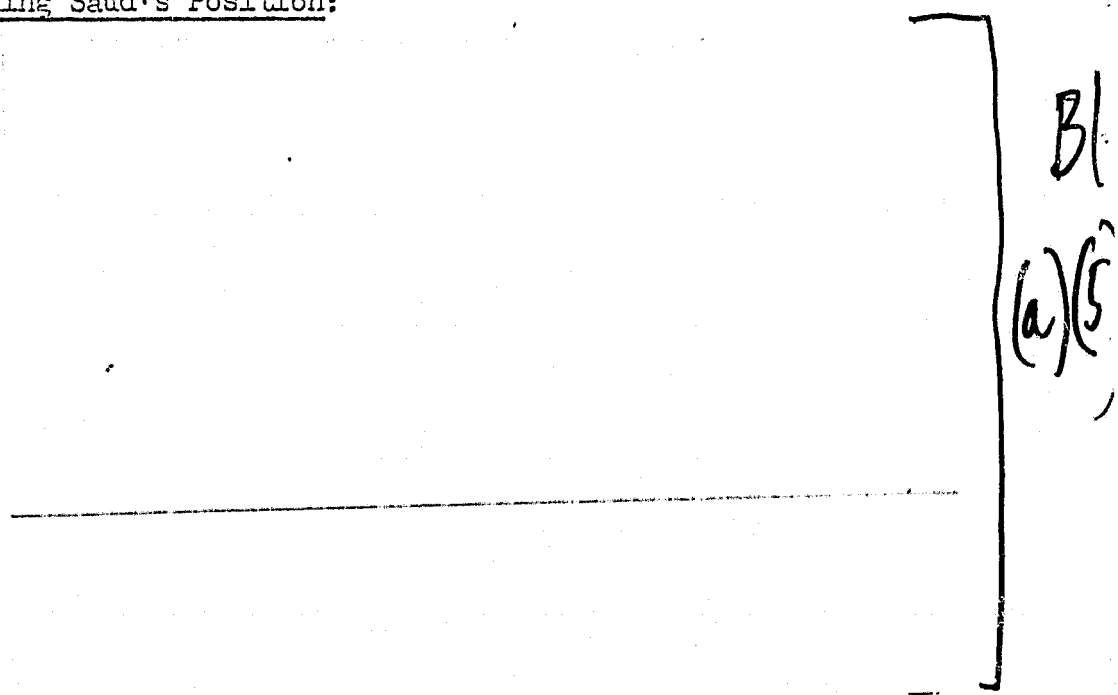
I. BRITISH AGGRESSION ON PARTS OF SAUDI ARABIA

Summary of King Saud's Position:



II. THE DISPUTE WITH PERSIA OVER THE TWO ISLANDS IN THE ARABIAN
(PERSIAN) GULF

Summary of King Saud's Position:



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III. ISRAELI AGGRESSION ON THE ISLANDS OF TIRAN AND SANAFIR

Summary of King Saud's Position:

Israeli troops occupied the Saudi Arabian islands of Tiran and Sanafir at the mouth of the Gulf of Aqaba during the recent Israeli aggression against Egypt, and should be withdrawn. Saudi Arabia requests American assistance in correcting this situation.

Suggested Oral Response:

Any Israeli forces should be withdrawn in accordance with the UN resolution which we have supported. Upon the Israeli withdrawal, we believe the UNEF should be positioned in Egyptian territory adjacent to the Straits of Tiran and should remain for the time being to assure the maintenance of the cease fire.

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PART THREE

GENERAL QUESTIONS CONCERNING THE MIDDLE EAST

I. General Political Considerations

Summary of King Saud's Position:

Among the matters of greatest importance are security and stability in the Middle East, its development, and freedom of its countries from foreign domination. Such a policy is not incompatible with the aims and principles of the United States. It is absolutely incompatible with the ambitions of imperialist countries particularly Britain and France. Support by the United States of Arab efforts to safeguard their independence will do more than economic aid to counter communism. The peoples of the area have no desire to adopt communism. The activities of imperialist countries serve the cause of communism. Communism must be differentiated from Arab nationalism. Had the United States furnished Egypt and Syria with arms they would not have turned towards the Soviet Bloc. They have not adopted communism but are following a policy of "positive neutrality" and "peaceful co-existence".

Suggested Oral Response:

We are pleased to confirm that the United States objectives and hopes for the Middle East are the same as those expressed by the King. Indeed, the King has described eloquently the underlying purpose of President Eisenhower's Middle East proposal.

By the action it took after the attack on Egypt, the United States made crystal clear its desire to assist the Arab states safeguard their sovereignty even when America's closest allies were involved. The King has drawn a wise distinction between communism and Arab nationalism. We believe the type of constructive nationalism represented by the King is a powerful force for good. We agree that imperialism in whatever manifestation is an outmoded and dangerous doctrine. Where we may differ is in our identification of the principle threat to achievement of those objectives we hold in common. We believe this to be 20th Century imperialism, which takes the form of international communism.

II. Communism

Summary of King Saud's Position:

Communism is most abhorrent. Communist successes in the area are attributable to the injustices of Zionism and the imperialist powers. Communism should be opposed in the area not through the Baghdad Pact or

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measures against Egypt and Syria but by responding to legitimate Arab claims. Positive United States steps to solve Arab problems will meet Arab response and check Soviet infiltration.

Suggested Oral Response:

We know that the King has a realistic appreciation of what communism is. We recognize as he has implied that the communists are particularly adept at fishing in troubled waters, and are as desirous as he is to see area differences resolved both to eliminate the opportunity provided communism and to assist the Arab people in achieving their legitimate aspirations.

However, in working towards our common goals we believe it would be an error to underestimate the malevolent and subtle work of international communism. Many entirely patriotic and nationalistic people in the Middle East and elsewhere do ^{not} understand it. Communists use many faces and too often manipulate unwitting persons. Recent events have given them a particular opportunity. At present they are pretending that their aims coincide with those of Arab nationalism. The fate which has befallen the Hungarian people shows what enmeshment with communism really means. We believe that international communism must be confronted directly and its capacity for mischief checked to permit a lasting solution to intra-area matters.

While the King is in Washington we would like to put at his disposal the facts available to us regarding the activities in the Middle East of international communism. We are certain that these facts will speak convincingly.

III. The Palestine Problem

Summary of King Saud's Position:

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force in seeking solutions to problems created by the Arab-Israel situation. Some years earlier on August 26, 1955 the Secretary of State, speaking with the authority of the President, outlined the contributions which the United States was prepared to make to assist the parties directly concerned in reaching a settlement of the Palestine problem. These contributions included: United States participation in an international loan to enable Israel to pay compensation to the refugees; United States contributions to the development projects necessary for refugee rehabilitation, either through resettlement in the Arab states, or, to such extent as may be feasible, repatriation; United States participation in an international guarantee of agreed frontiers between Israel and the Arab states. This United States offer of assistance remains valid.

We feel that so long as no permanent solution is found to the Arab-Israel problem, there will remain a grave threat to the peace and internal stability of every state in the area. We believe that it is possible for the United Nations to play an important role in leading to a just and equitable solution to this problem, and will support appropriate action in the United Nations. Just as the United States has borne the major financial burden in providing United Nations care for the Palestine refugees, so are we prepared to make substantial contributions to a permanent settlement. We are urging both Arabs and Israelis to cooperate fully with the United Nations in its efforts to restore peace and eventually to find a permanent solution.

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IV. BAGHDAD PACTSummary of King Saud's Position:

The Pact is one of the ill-fated deeds which have confronted the Arab nations after the second world war. It has divided the Arab League and become a symbol of imperialism. The consequences of the Pact have been against Arab and not Russian interests. It is indirectly causing the spread of communism. Saudi Arabia, Syria, Egypt and Jordan will not respond to any invitation to join directly or indirectly. U.S. adherence would widen the gap with the Arabs. The King fears that U.S. adherence would lead some of the Arab states to join other pacts elsewhere.

Suggested Oral Response:

The Baghdad Pact has not developed exactly as we would have wished. Certain activities of individual members have given credence to the charge that the Pact has interfered in area politics. This is one reason the U.S. has not adhered. His Majesty's own attitude has been a most important factor in our not joining.

However, from the time the Secretary visited the ME in 1953 the need has been apparent for a cooperative effort by the area states to maintain their independence against international communism. U.S. support of the Pact is based on this conception of its purpose and upon no other. The U.S. has worked to make certain that the Pact would be directed at this overriding danger. As the King knows the U.S. has made clear that it would view with utmost gravity any threat to the territorial integrity or political independence of members of the Pact, just as it has expressed a similar interest in Saudi Arabia.

The activities of the Moslem members of the Pact since the events in Egypt show, we believe, their consciousness of the main purpose of and necessity for the Pact. Although the UK has a useful role to play in the organization, these recent meetings have shown that its influence is by no means dominant.

Although we recognize the King's suspicions of the Pact's involvement in intra-area problems, we hope that he will be able to cooperate increasingly with its members in work directed plainly against international communism. We have been much encouraged with the recent improvement in Saudi relations with Iraq. These two countries despite differences over other matters see clearly the threat of international communism and we hope that they will find ways to work together against this danger.

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V. AMELIORATION OF THE RELATIONS BETWEEN THE UNITED STATES, EGYPT
AND SYRIA

Summary of King Saud's Position:

Extremely anxious that former friendly relations between U.S., Egypt, and Syria be restored. If Soviet bloc has recently gained prestige in some Arab states, causes are not due so much to Soviet propaganda, Soviet support of Arab causes, or generous commercial offers as to the obsolete policies still adopted by some Western powers. Trade and economic relations established between Egypt, Syria and Soviet bloc are nothing more than expression of policy of positive and peaceful coexistence which is also followed by many Western countries.

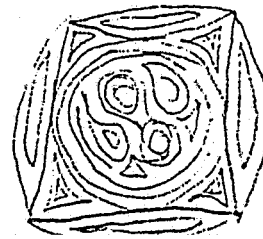
Suggested Oral Response:

We fully share Saudi Arabia's hope that future developments will be such as to permit the restoration of the relationships which formally existed between the U.S., Egypt and Syria. We continue to wish to maintain friendly relations with these countries. It may be recalled that the United States was instrumental in bringing about agreement between Egypt and the United Kingdom which resulted in the latter's withdrawal from its bases in the Suez Canal Zone. The U.S. also actively participated in the successful efforts to effect an amicable arrangement between Egypt, the United Kingdom and the Sudan. During past years the U.S. supplied substantial quantities of economic aid to Egypt. Recently the U.S. came to the defense of Egypt in the United Nations when it was invaded by foreign forces, despite the strain which this action placed on our relationship with two of the oldest and closest allies of the U.S.

It is quite clear that Egypt's nationalization of the former Suez Canal Company and subsequent events have had an important effect upon U.S.-Egyptian relations. These events have included Egyptian actions which in some cases have taken place in other Arab states. We would be less than frank if we did not indicate that the present policies of the Egyptian Government have contributed in some measure to the present difficulties now prevalent in the Middle East. This instability can only serve the interests of international Communism.

We are also concerned with respect to some of the policies which are being followed in Syria. According to information which we have received, which we would like to discuss in detail, on another occasion, a rapid trend to the left is developing in Syria. We believe that King Saud, because of his close relationship with many leading Syrian officials, is in a unique position to use his influence in Syria to encourage and strengthen those elements opposed to Communism.

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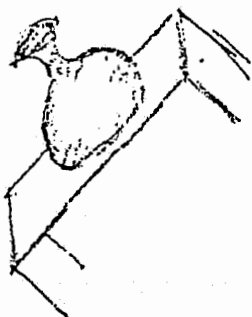
VI. ECONOMIC AID TO THE JORDAN

Summary of King Saud's Position:

Saudi Arabia, Egypt and Syria decided to grant assistance to Jordan to permit it to get rid of the restrictions imposed by the 1948 agreement with Britain, maintain its independence and enable it to work with other liberal Arab countries. But Jordan's resources are limited. Further, because of long armistice lines and the refugees it has a heavy defense burden. Therefore the U. S. should grant economic aid to the Jordan.

Suggested Oral Response:

We have noted that both parties to the 1948 agreement had indicated a desire to discuss its future at an early date. We hope that arrangements satisfactory to both will be made. We have noted with interest the decision of Saudi Arabia, Egypt and Syria to extend aid to Jordan. For our part, we have recognized Jordan's economic problems and have extended assistance at the rate of about \$8 million annually in addition to our contribution of \$17-1/2 million for Arab refugees, half of whom are in Jordan. Future assistance will depend upon evidence that Jordan is in fact determined to remain a part of the free world and to maintain its political independence. The question of American aid will be considered with Ambassador Richards' forthcoming mission.



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PART FOUR

THE CAIRO MEETING

Summary of King Saud's Position:

The memorandum signed by representatives of Saudi Arabia, Jordan, Egypt and Syria is quoted in full. It is suggested that the Secretary read the entire memorandum in advance of the meeting.

Suggested Oral Response:

It is suggested that no attempt be made to answer the memorandum fully at this session. General comments might be as follows:

- A. The memorandum indicates some misunderstanding of the new Middle East policy proposal. Stress that proposal does not reflect totality of U. S. policies in the area but is designed to provide assistance to those countries which request such assistance in meeting the Communist threat. Other elements of American policy remain unchanged. Our attitude toward intra-area aggression remains as stated in the Tripartite Declaration and in the President's statement of August 26, 1955. Many problems and many dangers can, we believe, best be dealt with through the U. N., which proved its effectiveness in handling the recent attack against Egypt. Our policy of supporting the territorial integrity, independence and economic programs of countries in the area has been demonstrated in numerous ways.
- B. The reference in the memorandum to the "economic war" waged on Egypt and the Arab States indicates a misunderstanding of the course of recent events in U. S.-Egyptian relations. It might be well to review briefly the following factors, after mentioning U. S. help to Egypt with respect to the British withdrawal and Sudan:
 - 1. Before the recent difficulties, the U. S. was providing substantial economic and technical assistance to Egypt, and in fact offered extraordinary aid to finance the Aswan Dam.
 - 2. The U. S. offered to sell military equipment to Egypt which rejected that offer and immediately announced

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that an arms agreement had already been concluded with the Soviet Union. It was clear that the negotiations for this agreement were under way before the U. S. offer was rejected.

3. Withdrawal of the Aswan Dam offer took place several months after it was made. The Egyptian Government did not accept it in this period. Meanwhile, the situation particularly relating to Egypt's capability of carrying out the project had completely changed, primarily because of the great financial commitments which had been made for Soviet arms. During that period, Egypt had taken many steps obviously detrimental to U. S. and Western interests, including recognition of Communist China.
 4. The Egyptian seizure of the Suez Canal was stated to have been in retaliation against the Western Powers and was accompanied by a speech by President Nasser so vitriolic that we were compelled to protest. The attitude of Egypt from that point has rendered it impossible for us to undertake new programs in Egypt which we would have undertaken if a basis for such co-operation had existed. There is, however, no "economic warfare" against Egypt. Freezing of Egyptian funds in this country was rendered necessary by the attempted seizure of the Suez Canal assets.
 5. In summary, Egypt of its own choice turned towards the Soviet bloc after we had rendered major assistance in its political problems, were extending substantial economic assistance and were seeking other ways to be helpful. In the face of increasingly unfriendly acts and propaganda, the U. S. has refrained from responding in similar vein. Thus Egyptian collaboration with the Soviet bloc cannot be attributed to any policies of the U. S.
- C. Regarding the Palestine Problem, you might emphasize our support of the U. N. resolutions calling for the immediate withdrawal of Israel. It is our earnest hope that with this withdrawal steps can be taken to assure peace and tranquility. We hope that the King will use his influence in this regard and will work toward a situation in which the complex problems arising from the Arab-Israel dispute can be settled in accordance with the principles of the U. N.

D. Regarding

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- D. Regarding the Suez Question, you stated during the first session our position regarding a settlement in accordance with the six principles. We are relying heavily upon ~~the~~ Secretary General Hammarskjold to work out an agreement satisfactory to Egypt on the one hand and to the canal users on the other. An immediate solution to this problem is a vital necessity to the strength of the free world generally and to the economies of many particular countries, including oil consuming and oil producing nations. We know that the King will use his influence in helping to bring about an early settlement of this issue.

January 30, 1957

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